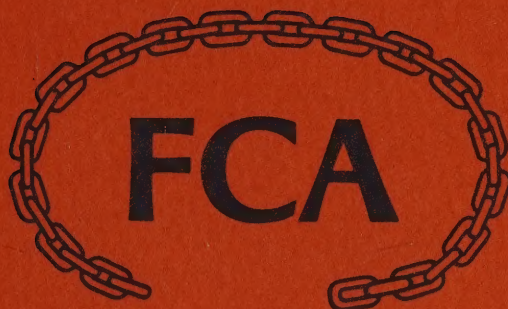


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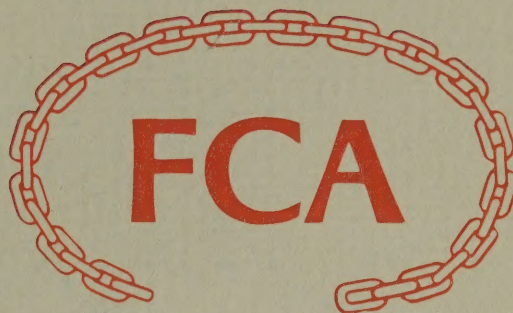
FINANCIAL COLLECTION AGENCIES LTD.

ANNUAL REPORT 1968



FCA HOUSE

FCA House is the nerve centre of the entire FCA organization. Into this building flows a steady stream of daily reports from all branches for the careful scrutiny of FCA executives who plan the long term programs of the corporation, make the important day-to-day decisions and direct the overall progress and development of the business. This building also houses a branch operation as well as a complex centralized accounting system for the Company's operations in the United States, the United Kingdom and Canada.



FINANCIAL COLLECTION AGENCIES LTD.

DIRECTORS

Kenneth J. Bonnington
William A. Clarke
Jack D. Lubotta
Joseph B. Lubotta
Martin J. Lubotta
Lawrence Marks, Q.C.
Gerald R. Stephens
Gordon C. Watt

OFFICERS

Joseph B. Lubotta
Chairman of the Board
Jack D. Lubotta
President and Treasurer
Kenneth J. Bonnington
Executive Vice-President
Gerald R. Stephens
Vice-President
Lawrence Marks, Q.C.
Secretary

REGISTRAR AND TRANSFER AGENT

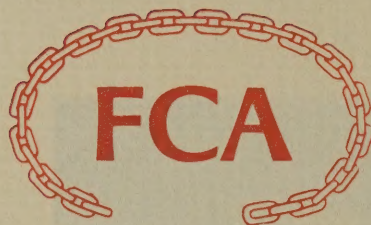
The Royal Trust Company
Toronto, Montreal,
Winnipeg, Vancouver

AUDITORS

Glendinning, Jarrett, Gould & Co.
Chartered Accountants
S. D. Portner,
Chartered Accountant

LISTED

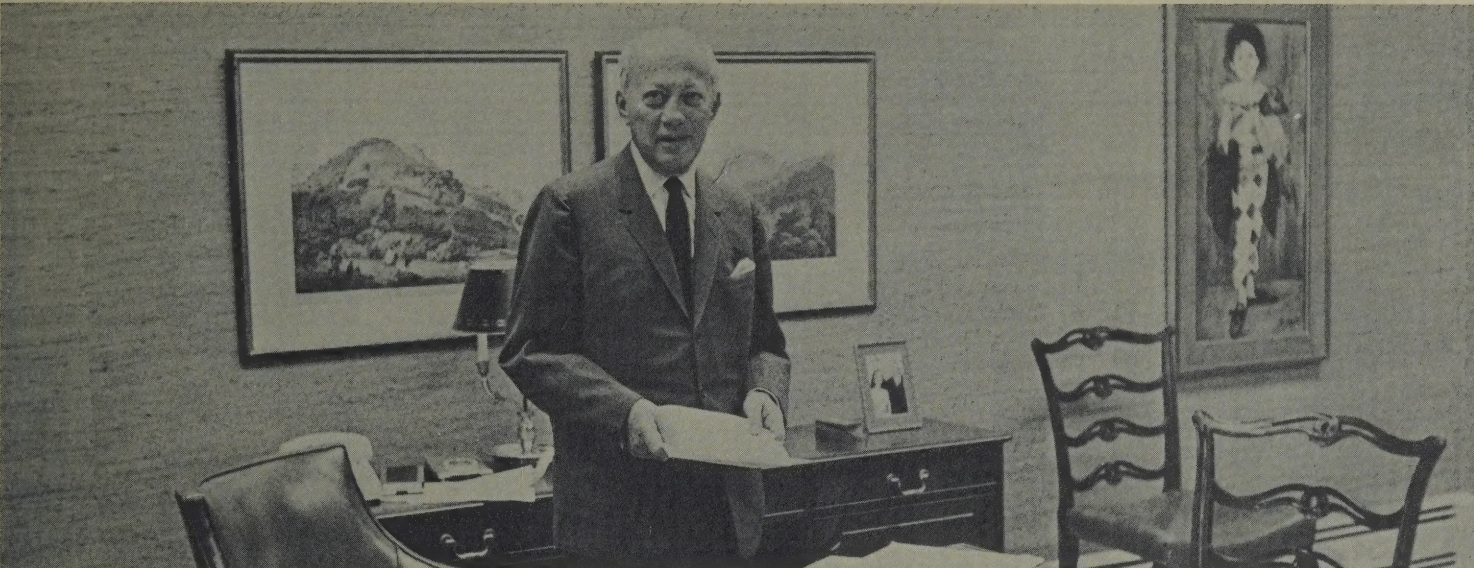
Montreal Stock Exchange



FINANCIAL COLLECTION AGENCIES LTD.

HIGHLIGHTS For the year ended June 30, 1968
(with comparative figures for 1967)

	<u>1968</u>	<u>1967</u>
Accounts Accepted for Collection	\$50,100,000	\$41,000,000
Gross Revenue	\$ 4,518,147	\$ 3,860,452
Profit Before Depreciation and Taxes	\$ 855,650	\$ 716,762
Income Taxes	\$ 387,836	\$ 334,863
Net Profit	\$ 420,238	\$ 349,813
Net Earnings per Share	70¢	58.3¢
Number of Shares Outstanding	600,000	600,000
Dividends Paid	\$ 231,000	\$ 86,986
Number of Offices	49	44



J. B. Lubotta

CHAIRMAN'S MESSAGE

In its second year as a public company, Financial Collection Agencies Ltd. recorded the highest levels of new business and profits in 42 years of operation. Activities of the company were extended geographically in the United States, the United Kingdom and Canada, as the economy in these countries moved toward the international cashless society.

In today's affluent and mobile society, the broad scope of FCA as a major international force in the business cycle makes the company uniquely equipped to cope with changing patterns in the credit explosion.

The importance of FCA to business cannot be over-emphasized. Our consumer-based economy could not operate at its current level of activity without credit. Most people are prepared to meet their financial obligations but unless sellers can be assured of adequate recourse to recover overdue accounts, they risk potential losses that could undermine their businesses or result in higher prices to customers. The customer who does not pay penalizes the one who does.

Your company is one of the largest in the field of collections and is pledged to become an even more effective force in the maintenance of good business practices among domestic and international corporations that contribute to the economy of the free world.

The application of modern, responsible and proven methods throughout the expanding network of FCA offices gives your company's clients a professional and important service of value in these changing and challenging times. It ensures that shareholders of FCA can look with pride and satisfaction to the accomplishments and worthiness of its services.

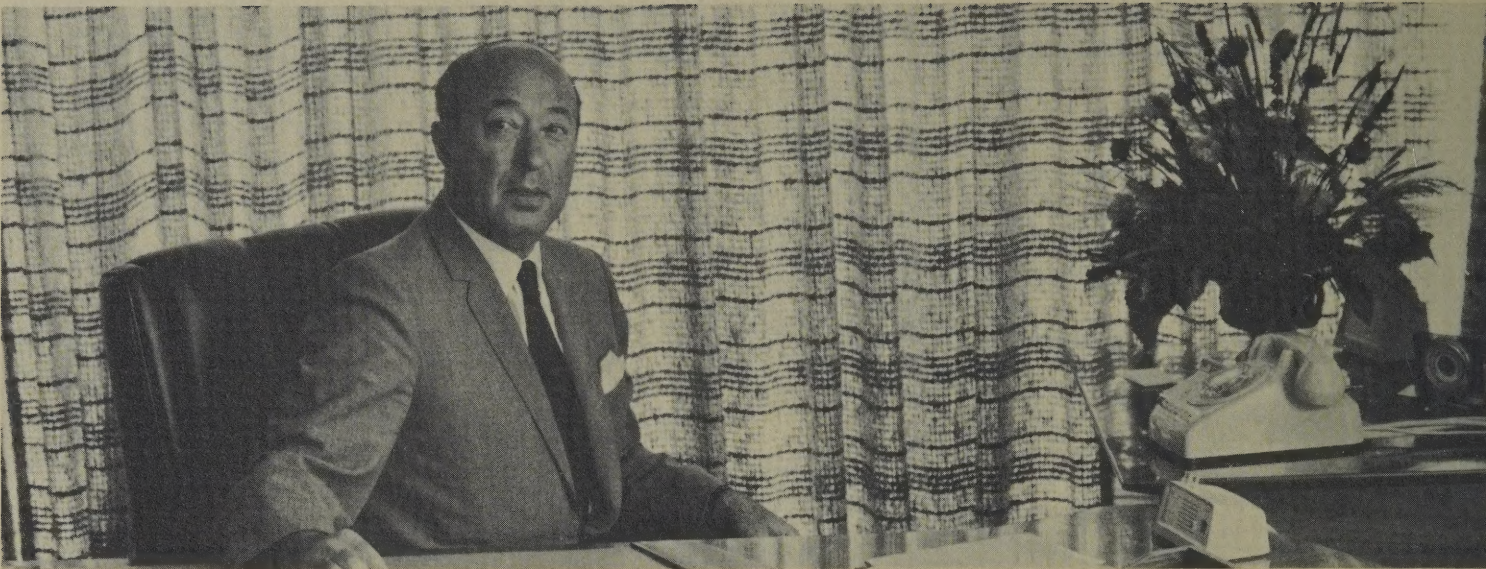
The outlook is for continuing growth and profit based upon the sound combination of advanced automated procedures with our traditional professional ethics and practices.

Respectfully,

J. B. Lubotta

Chairman

September 9, 1968.



J. D. Lubotta

PRESIDENT'S MESSAGE

It is a privilege to review the events of the year ended June 30, 1968 — the most successful in our history — and to outline the plans and prospects of Financial Collection Agencies Ltd.

EARNINGS:

Net earnings for the year rose to a record \$420,238, an increase of 20 per cent from \$349,813 in the preceding year. Earnings per share were 70 cents compared with 58.3 cents.

This year's results include non-recurring expenses connected with moving the company's head office to FCA House in Montreal and also reflects the effects of devaluation of the Pound Sterling on the results of our U.K. operations.

We are particularly happy to report a significant increase of 17 per cent in gross revenue to \$4,518,147 from \$3,860,452. New business placed with FCA during the year reached a record \$50,100,000, a gain of 22 per cent from \$41,000,000.

DIVIDENDS:

In the year under review an effective annual dividend rate of 40 cents per share was established. Since January 1967 when an initial quarterly dividend of 7 cents per

share was declared by the Directors, the dividend rate has progressively increased to 10 cents quarterly, the rate established during the second quarter of the current fiscal year.

Subsequent to the year end, a further increase in the latest quarterly dividend declaration now reflects an effective annual dividend rate of 45 cents per share.

EXPANSION:

During the year we opened six additional offices — two in Canada, two in the United States and two in The United Kingdom—and two other offices were merged, bringing to 49 the total number of FCA offices in three countries.

Operations at FCA House, head office location, have increased our efficiency through further refinements in our centralized accounting procedures and the use of sophisticated data processing equipment. Clients' accounts are programmed to improve both accuracy and data retrieval. The data processing equipment speeds the remittance of collected accounts to clients and offers significant savings in labor costs. To further improve our accounting procedures, a new IBM System/360 computer is on order.



FINANCIAL COLLECTION AGENCIES LTD.

Offices recently opened include Atlanta, Georgia; Portland, Oregon; Liverpool, England; Glasgow, Scotland; Kamloops, British Columbia and Charlottetown, Prince Edward Island, and operating results of these offices are very encouraging. Acceptance by United Kingdom credit grantors is excellent and further expansion there is contemplated. In addition, a number of U.S. locations appear to offer opportunities for FCA activities including California, Illinois, Michigan, Minnesota, Colorado and New York, and these are currently under examination.

The opening of new offices has a two-fold purpose — to improve access to the debtor and to provide increased service for FCA clients. The early success of new offices and the quick achievement of profitability are due in large measure to the volume of business that can be transferred from neighbouring offices. An example of this pattern is the high level of activity generated in the FCA office in Philadelphia, for the Pittsburgh area. Volume now warrants the establishment of an office in Pittsburgh to which the transfer of existing accounts ensures early profitability.

Each new office opening permits further improvement in effectiveness for our thousands of clients and ultimately for FCA shareholders.

OPERATIONS:

The FCA network of offices strategically located in major urban centres combines with refined and sophisticated procedures to enable the company to profitably offer effective services to business. Long experience and sound ethical practices applied with tact and diligence throughout three countries on two continents have given your company pre-eminence in the field of credit collections.

Staff strength rose last year to 500 people and senior staff appointments were made from both within the FCA organization, and from the industry at large. Careful training, attention to detail and to the professional ethics of the FCA operation combine to ensure maintenance of the company's reputation as a responsible and effective leader in the vital field of collections.

OUTLOOK:

The growth of national and international companies and continuing increases in the granting of credit make it necessary that collection agencies assume broad dimensions to keep pace with the demands of business. FCA provides a comprehensive service for a wide spectrum of accounts — major oil companies, department stores, banks, governments, manufacturers and commercial enterprises of all kinds, as well as universities, hospitals, the medical and dental professions — virtually every type of credit grantor.

As business and industry expand, the use of credit increases and the need for business to recover delinquent debts grows at least as rapidly. This economic fact assures FCA of continuing growth on an international basis.

To meet the challenges of soaring credit and its consequent problems, FCA will devote its skills and resources to providing the best possible service to its many clients.

We acknowledge with gratitude the loyalty and dedication of our employees and the continued support of our associates and shareholders.

Respectfully submitted,

J. D. Lubotta

September 9, 1968.

President



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CONSOLIDAT

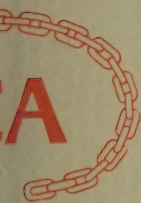
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ASSETS

CURRENT	1968	1967
Cash	\$ 678,664	\$ 608,180
Accounts receivable, less provision of \$12,791 for doubtful accounts	370,715	295,256
Sundry accounts receivable	70,160	49,997
Prepaid charges	9,599	—
	<u>\$1,129,138</u>	<u>\$ 953,433</u>
SPECIAL REFUNDABLE TAX	11,522	11,320
TRUST FUNDS		
Cash	683,567	621,130
FIXED		
Office equipment, leasehold improvements and automobiles at cost less accumulated depreciation and amortization of \$203,203	202,975	140,024
INTANGIBLE		
Goodwill	230,000	230,000
Organization expenses less amount amortized	3,237	3,547
	<u>\$2,260,439</u>	<u>\$1,959,454</u>
SIGNED ON BEHALF OF THE BOARD		
J. B. Lubotta, Director		
J. D. Lubotta, Director		

(The notes to the financial statements are an integral part of the financial statements.)



ION AGENCIES LTD.

(the laws of Canada)

ARY COMPANIES

BALANCE SHEET

30, 1968

ures at June 30, 1967)

LIABILITIES

CURRENT	1968	1967
Accounts payable and accrued charges	\$ 89,201	\$ 74,775
Accounts payable to directors	23,635	26,467
Liability for income taxes	296,255	236,827
	<u>\$ 409,091</u>	<u>\$ 338,069</u>
FUNDS HELD IN TRUST FOR CLIENTS, per contra remitted in July, 1968	683,567	621,130
MINORITY INTEREST IN SUBSIDIARY COMPANY	1,200	1,200
	<u>\$1,093,858</u>	<u>\$ 960,399</u>

SHAREHOLDERS' EQUITY

CAPITAL STOCK,		
Common shares without nominal or par value		
Authorized: 1,000,000 shares		
Issued: 600,000 shares	\$ 664,929	\$ 664,929
EARNED SURPLUS, as shown by the attached statement	501,652	334,126
	<u>\$1,166,581</u>	<u>\$ 999,055</u>
	<u>\$2,260,439</u>	<u>\$1,959,454</u>



FINANCIAL COLLECTION AGENCIES LTD.

CONSOLIDATED STATEMENT OF PROFIT AND LOSS

FOR THE YEAR ENDED JUNE 30, 1968 (with comparative figures for 1967)

	1968	1967
GROSS REVENUE FROM OPERATIONS	<u>\$4,518,147</u>	<u>\$3,860,452</u>
OPERATING PROFIT for the year before providing for the undernoted	<u>\$1,016,287</u>	<u>\$ 851,829</u>
Provision for depreciation and amortization of leasehold improvements	\$ 47,576	\$ 32,086
Remuneration of directors	<u>160,637</u>	<u>135,067</u>
	<u>\$ 208,213</u>	<u>\$ 167,153</u>
Profit before provision for income taxes	<u>\$ 808,074</u>	<u>\$ 684,676</u>
Provision for taxes on income	<u>387,836</u>	<u>334,863</u>
NET PROFIT FOR THE YEAR	<u><u>\$ 420,238</u></u>	<u><u>\$ 349,813</u></u>

STATEMENT OF CONSOLIDATED EARNED SURPLUS

FOR THE YEAR ENDED JUNE 30, 1968 (with comparative figures for 1967)

	1968	1967
Balance of Earned Surplus, June 30, 1967	<u>\$ 334,126</u>	<u>\$ 109,228</u>
Add: Consolidated net profit for the year	<u>420,238</u>	<u>349,813</u>
	<u>\$ 754,364</u>	<u>\$ 459,041</u>
Deduct: Dividends paid on common shares	<u>\$ 231,000</u>	<u>\$ 86,986</u>
Costs incurred in the course of issue of capital stock and the preparation of a prospectus, less income tax reductions applicable thereto	—	37,929
Adjustments affecting prior years	<u>9,918</u>	—
Loss on devaluation of the pound sterling	<u>5,304</u>	—
Taxes withheld from and foreign exchange adjustment on dividends received from foreign subsidiaries	<u>6,490</u>	—
	<u>\$ 252,712</u>	<u>\$ 124,915</u>
Balance, June 30, 1968	<u><u>\$ 501,652</u></u>	<u><u>\$ 334,126</u></u>



FINANCIAL COLLECTION AGENCIES LTD.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 1968

(1) PRINCIPLES OF CONSOLIDATION

The accounts of the United Kingdom and United States subsidiaries are included on the basis of one pound sterling equaling 2.60 Canadian dollars and one United States dollar equalling 1.08 Canadian dollars.

(2) DESIGNATED SURPLUS

Under provisions of the Income Tax Act of Canada, profits of certain subsidiaries aggregating approximately \$543,000, which were earned before acquisition, are considered part of "designated surplus" and as such may not be paid to the parent company without attracting additional taxation of approximately one-half of such dividends.

(3) DIVIDEND RESTRICTIONS

Transfer of earnings from the United Kingdom subsidiary companies are subject to the approval of exchange control authorities. Dividend payments from the United Kingdom and the United States of

America subsidiaries are subject to withholding taxes of 15% upon their remittance to the parent company; as the amounts of these future taxes are not presently determinable, no effect has been given to any such future liability in the financial statements.

(4) GENERAL

(a) Cash includes deposit receipts issued by the companies' bankers.

(b) Included with sundry accounts receivable are loans aggregating \$17,342 to employees to permit them to purchase shares in the company.

(c) The company leases premises in its several locations on varying terms. The most significant long-term commitment of this nature is a lease for the building known as F.C.A. House which provides accommodation for the Head Office, the Montreal branch and the centralized data processing division of the entire group, the rent being \$55,000 per year to September 30th, 1987.



FINANCIAL COLLECTION AGENCIES LTD.

AUDITORS' REPORT

To the Shareholders,
Financial Collection Agencies Ltd.

We have examined the consolidated balance sheet of Financial Collection Agencies Ltd. and its subsidiary companies as at June 30, 1968 and the consolidated statements of earned surplus and of profit and loss for the year ended on that date. Our examination of the financial statements of Financial Collection Agencies Ltd. (the parent company), and those subsidiary companies of which we are the auditors, included a general review of the accounting procedures and such tests of the accounting records and other supporting evidence as we considered necessary in the circumstances. We have relied on the reports of the auditors who

have examined the financial statements of the other subsidiary companies.

In our opinion the accompanying consolidated balance sheet and consolidated statements of earned surplus and of profit and loss present fairly the financial position of the companies as at June 30, 1968 and the results of their operations for the year ended on that date in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

GLENDINNING, JARRETT, GOULD & CO.

S. D. PORTNER

Chartered Accountants,

Joint Auditors

MONTREAL, September 5, 1968.

FCA
FINANCIAL
COLLECTION
AGENCIES
LTD.



PURPOSE OF THE CORPORATION

The concern of FCA with its role in business is not a new development but a fundamental principle in the corporation's reasons for being. Our purpose after 42 years is unchanged. We believe the success of FCA stems from plainly stated objectives — the desire to profitably provide an essential service; to contribute to the community, the economy and society; and to provide challenge and income for a valued and dedicated staff.

The need for our services has never been greater — more business is transacted on credit than ever before and whenever credit is granted, a cycle is established that ends in the collection function. Most credit collections are handled by the credit grantor, but a percentage always requires the skills of a specialist.

It is more important today than ever that credit debts be collected. The cost of doing business rises constantly and unless the credit grantor is paid on time and in full he must add his credit losses to his cost of doing business. If he absorbs these costs, profits are impaired or wiped out — if he passes them on to the elements of society that pay their debts, prices rise for all consumers.

A collection agency functions as middleman between the credit grantor and his customer. No matter what the area of business or industry, a professional agency can produce positive results, and at the same time enhance the credit

grantor's image and retain his customers' goodwill. A collection agency is literally an extension of its clients' credit departments.

No one would consider going into business without providing himself with legal or financial advice. It is equally as prudent in the credit field to seek the advice of the appropriate specialist in credit and collections.

Most people want to pay their debts, but circumstances or lack of motivation often results in credit delinquency. An approach by an understanding but determined agency can do much for both the credit grantor and his customer.

Many businesses owe their survival, and all that this implies, to the credit cycle. The social and economic consequences of a breakdown in the cycle would be enormous. If effective methods for the collection of accounts did not exist, the threat to the credit system would be a very real one.

Credit granting systems are supported and sustained by FCA which is able to provide effective, ethical services to credit grantors. The collector who employs insights in human behaviour with both tact and skill, can achieve much and retain the goodwill of the debtor. Credit managers and credit departments handle many routine collection problems, but what is beyond their facilities calls for the specialist. This is the role of FCA.



FINANCIAL COLLECTION AGENCIES LTD.

HEAD OFFICE

EDIFICE F.C.A. HOUSE
4150 Sherbrooke Street, West
Montreal 6, P.Q.

EXECUTIVE OFFICES

Montreal, Toronto, Vancouver (Canada)
Philadelphia, (U.S.A.)
London, (U.K.)

UNITED STATES

Atlanta, Georgia, Suite 1108, Gaslight Tower Building,
235 Peachtree Street N.E.577-3567

Baltimore, Md., Suite 1155, Maryland National Bank Building,
10 Light Street837-7252

Boston, Mass., Suite 310, Marshall Building,
15 Broad Street523-8310

Cleveland, Ohio, Suite 1015, Terminal Tower Building,
50 Public Square696-4844

Philadelphia, Pa., Suite 1813, Broad-Locust Building,
1405 Locust Street735-8536

Pittsburgh, Pa., Suite 2313, Clark Building,
717 Liberty Avenue261-6670

Portland, Oregon, Suite 317, Platt Building,
519 S.W. Park Avenue223-5171

Seattle, Wash., Suite 2107, Northern Life Tower,
Third & University623-6761

UNITED KINGDOM

Birmingham, York House, Great Charles Street.....236-5127/9

Bristol, Cattybrook House, 37 Queen Square.....23081/2

Leeds, Yorkshire House, Greek Street.....35721/4

Liverpool, Suite 1, 10 Rumford Place.....236-3292

London, S.W.1, Third Floor, Universal House, 58/60 Buckingham Palace RoadSLO 6231/3

Manchester, First Floor, Lloyds House, 18/22 Lloyd Street.....832-3384/6

Glasgow, Cornhill House, 144 West George Street.....332-7371/9

CANADA

Brandon, Manitoba, Suite 11, 110 - 10th Street.....	729-6413
Calgary, Alberta, Suite 712, 217 - 7th Avenue S.W.....	263-2890
Charlottetown, P.E.I., Suite 303, 159 Kent Street.....	892-3405
Edmonton, Alberta, Suite 214, 10156 - 101 Street.....	429-5821
Fredericton, N.B., Suite 301, 14 Westmoreland Street.....	454-3393
Halifax, N.S., Suite 220, 1657 Barrington Street.....	429-9160
Hamilton, Ontario, Suite 211, 50 King Street East.....	528-9881
Kamloops, B.C., Suite 11, 74 West Seymour Street.....	374-1484
Kingston, Ontario, Suite 203A, 837 Princess Street.....	546-6611
Kitchener, Ontario, Suite 201, 251 King Street West.....	745-7307
Lethbridge, Alberta, 328 - 6th Street South.....	328-6671
London, Ontario, Suite 24, 170 Dundas Street.....	438-8347
Moncton, N.B., Suites 3 & 4, 14 Church Street.....	389-9151
Montreal, Quebec, 4150 Sherbrooke Street West.....	931-6411
Moose Jaw, Sask., Suite 2, 60 High Street West.....	692-6457
Oshawa, Ontario, Suite 307, 86 King Street East.....	576-1340
Ottawa, Ontario, Suite 301, 270 Laurier Avenue West.....	235-1831
Port Arthur, Ontario, Suite 18A, North Cumberland Street.....	344-3518
Prince Albert, Sask., Suite 101, 60 - 12th Street East.....	764-1426
Prince George, B.C., Suite 206, 1320 - 5th Avenue.....	563-0302
Quebec, P.Q., Suite 222, 785 De Salaberry.....	529-9481
Regina, Sask., Suite 3, 1846 Scarth Street.....	522-6624
Rimouski, P.Q., 148 De La Cathédrale.....	723-9274
Saskatoon, Sask., Suite 710, 230 - 22nd Street East.....	652-7712
St. Catharines, Ont., Suite 201, 61 James Street.....	682-6676
St. John's, Nfld., Suite 28, 226 Water Street.....	726-8520
Saint John, N.B., Suite 380, 110 Crown Street.....	657-3434
Sault Ste. Marie, Ont., Suite 202, 629A Queen Street East.....	253-3274
Sudbury, Ontario, Suite 5, 10 Elm Street East.....	673-8462
Sydney, N.S., Suite 1, 292 Charlotte Street.....	539-1232
Toronto, Ontario, Suite 700, 500 University Avenue.....	364-4151
Vancouver, B.C., Suite 201, 540 Seymour Street.....	683-0331
Victoria, B.C., Suite 205, 1106 Cook Street.....	388-4494
Windsor, Ontario, Suite 203, 33 University Avenue West.....	254-6444
Winnipeg, Man., Suite 209, 336 Portage Avenue.....	942-7544

